

Message Text

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PAGE 01 STATE 125984

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ORIGIN EB-11

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DRAFTED BY EB/ OA: JSMEADOWS: VLV

6/27/73 EXT. 29470

APPROVED BY EB/ OA: JSMEADOWS

CAB - MR. RECTOR

EA/ PHL - MR. WALSH

----- 068944

R 272045 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E. O. 11652: N/ A

TAGS: ETRN, RP

SUBJECT: CIVAIR - DISCUSSIONS WITH ROMUALDEZ

1. AMBASSADOR ROMUALDEZ CAME IN TODAY TO SEE MEADOWS AND RECTOR (CAB) REGARDING GOP POSITION FOR RESUMPTION NEGOTIATIONS. ROMUALDEZ SAID THAT RESPECTIVE POSITIONS ON ROUTES APPEAR TO PROVIDE REASONABLE BASIS FOR AGREEMENT ALTHOUGH GOP FELT 30- MONTH PERIOD FOR MANDATORY STOP WAS TOO LONG AND THEY WOULD WISH TO HAVE A SHORTER PERIOD.

2. ROMUALDEZ SAID GOP, HOWEVER, WAS GREATLY CONCERNED ABOUT ARRANGEMENTS FOR CAPACITY AND WISHED TO SUGGEST A SOMEWHAT DIFFERENT REGIME THAN HAD HERETOFORE BEEN CONTEMPLATED. GOP IDEA WAS THAT TWO SIDES WOULD FORECAST TRAFFIC FOR FORTHCOMING YEAR AND ESTIMATED TRAFFIC WOULD BE DIVIDED BETWEEN TWO SIDES. THERE WOULD BE SOME ROOM FOR GROWTH BEYOND THIS SPLIT FOR EACH SIDE. HOWEVER, ANY REVENUES BEYOND THOSE ESTABLISHED LEVELS PLUS GROWTH WOULD BE DIVIDED BETWEEN THE TWO SIDES ON A POOL BASIS. ROMUALDEZ EMPHASIZED THAT UNDER THIS PROPOSAL THERE WOULD BE NO AUTOMATIC COM-

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PAGE 02 STATE 125984

MITMENT TO BERMUDA AT THE END OF A PREDETERMINED PERIOD. HOWEVER, GOP WOULD BE PREPARED TO FIX PERIOD FOR REASONABLE LENGTH OF TIME AT THE END OF WHICH BOTH SIDES WOULD REVIEW SITUATION AND DECIDE WHAT TO DO NEXT. IF AGREEMENT AT THAT TIME COULD NOT BE REACHED, BOTH SIDES COULD RETURN TO STATUS QUO ANTE.

3. ROMUALDEZ STATED THAT HE HAD BEEN INSTRUCTED TO PRESENT THIS NEW POSITION TO USG AND REPORT REACTION.

4. US REPS EXPRESSED GREAT DISAPPOINTMENT AT NEW GOP POSITION WHICH APPEARED TO BE STEP BACKWARD FROM EARLIER COMMITMENT THAT AGREEMENT WOULD REVERT TO BERMUDA STATUS UPON COMPLETION INTERIM PERIOD. SAID USG WOULD BE PREPARED TO EXAMINE DIFFERENT PROCEDURES FOR CAPACITY STABILIZATION DURING INTERIM PERIOD THAN HAD BEEN HERETOFORE DISCUSSED BUT PRINCIPLE OF REVERSION TO NORMAL BERMUDA AFTER INTERIM PERIOD WAS ESSENTIAL ELEMENT IN USG POSITION. WITH RESPECT TO PARTICULAR ASPECTS OF GOP PROPOSAL INVOLVING POOLING, US REPS OFFERED NO HOPE THAT USG COULD AGREE TO THIS.

5. ROMUALDEZ SAID HE RECOGNIZED POOLING DIFFICULTY BUT SAID REST OF HIS PROPOSAL APPEARED CONSISTENT WITH RECENT US STEPS TO STABILIZE CAPACITY ON DOMESTIC ROUTES. US REPS POINTED OUT THAT THESE STEPS WERE TEMPORARY IN NATURE AND WERE NOW SUBJECT TO CONSIDERABLE OPPOSITION IN CERTAIN USG CIRCLES.

6. ROMUALDEZ RECOGNIZED IMPLICATIONS FOR US POLICY INHERENT IN GOP PROPOSAL BUT SUGGESTED IT WAS PERHAPS TIME FOR A REVIEW OF US POLICIES TO MEET THE REQUIREMENTS OF SMALL COUNTRIES SUCH AS THE PHILIPPINES. US REPS SAID THAT POLICIES EXPRESSED IN PRESIDENT'S POLICY STATEMENT OF 1970 INDICATING SUPPORT FOR THE BERMUDA CONCEPT WERE STILL VERY MUCH A BASIC INGREDIENT OF THE US POSITION.

7. AT THE END OF THE DISCUSSION US REPS INFORMED ROMUALDEZ THAT THE NEW GOP POSITION DID NOT APPEAR TO PROVIDE A REASONABLE BASIS FOR RESUMING NEGOTIATIONS. UNDER THE CIRCUMSTANCES, HE MUST RECOGNIZE THAT USG WAS UNDER GREAT LIMITED OFFICIAL USE

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PAGE 03 STATE 125984

PRESSURE TO ADOPT MEASURES WHICH WOULD PLACE US AERONAUTICAL AUTHORITIES ON AN EQUAL BASIS WITH THE PHILIPPINE AERONAUTICAL AUTHORITIES IN DEALING WITH AIRLINE PROBLEMS. THEY ASSURED ROMUALDEZ THAT IF SUCH A STEP WERE TAKEN IT SHOULD NOT BE REGARDED AS A MOVE AGAINST PHILIPPINE INTERESTS BUT A MEASURE DESIGNED TO PLACE THE AUTHORITIES OF BOTH SIDES ON AN EQUAL BASIS DURING WHAT MIGHT BE AN UNCERTAIN

PERIOD AHEAD. ROMUALDEZ SAID HE WOULD CONVEY US VIEWS TO
HIS GOVERNMENT.

8. EMBASSY IS REQUESTED TO ASCERTAIN WHETHER POSITION
STATED BY ROMUALDEZ REFLECTS VIEWS OF GOP. IF SO, WE CAN

ANTICIPATE ACTION BY CAB TO INVOKE PART 213 WITH
RESPECT TO PAL OPERATIONS. ROGERS

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